

Direct Deposit: It's Ready When You Are



Anyone who says seniors are hesitant to embrace new technologies should take a look at recent trends in electronic banking.

Today, millions of Americans are getting their Social Security, supplemental income, disability, and Veterans payments sent directly into their accounts through Direct Deposit. According to the U.S. Treasury Department, more than 65 percent of these payments are now made by Direct Deposit, and the numbers are increasing every month.

The federal government has been offering Direct Deposit as an option to Social Security and other federal benefit recipients for more than 20 years. In 1996, Congress passed a law aimed at requiring most federal payments to be made by electronic transfer.

The law intends to enroll most check recipients in Direct Deposit by the end of this year, but it also allows the Treasury Department to extend waivers to individuals for a variety of reasons. Treasury emphasizes that no payment will be withheld or delayed for any reason, and payment recipients do not have to take any action now. More specific information will be available from Treasury later this summer.

"All federal beneficiaries will continue to receive their payment by check, unless — and until — they give us instructions to have those payments made by Direct Deposit into an account of their choice," said John D. Hawke, Treasury Under Secretary for Domestic Finance.

"We recognize that there are many circumstances in which federal benefit recipients will not be able to take advantage of Direct Deposit right away. We intend to give people plenty of opportunity to determine whether Direct Deposit makes sense for them."

Financial service providers' promotion of Direct Deposit among account holders and cash consumers has created some confusion about the specific requirements — and deadlines — that will affect federal payments.

Under Secretary Hawke said the Treasury Department will not tolerate any organization making false or misleading statements about the government's Direct Deposit program. Treasury will alert regulators about financial service providers it believes are misleading beneficiaries in an attempt to alarm beneficiaries into signing up for a specific service.

In addition to offering beneficiaries a safe, simple and secure way to get their federal payments, Direct Deposit will save taxpayers as much as \$100 million annually in processing costs. The cost to process a Direct Deposit payment is approximately four cents, while the cost to process a paper check is 45 cents.

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